expenditure. The single factor which was responsible for worsening of the revenue position was perhaps the generous remission ranging from as much as 50 to 100 per cent. in the land tax granted to the smaller agriculturist at the end of the year. The capital expenditure less receipts was expected to leave us a gap of Rs 19·39 lakhs, but as usual with the expenditure on such schemes the progress of works was so considerably retarded that the gap narrowed down to Rs 10·96 lakhs. Out of the transactions under the debt and deposit heads, a net addition of Rs 8·72 lakhs to our closing balance was forecasted; the actual addition however turned out to be almost double i. e., Rs 17·11 lakhs. This was very largely due to an increase in the Savings Bank Deposits and savings in the outlay on Reproductive works. The cumulative result of all these variations was that we started the year 1115 with an opening balance of Rs 60·86 lakhs while we banked on a balance of only Rs. 45·92 lakhs.

Revised Estimate 1115.

8. The year which started under such auspices is now drawing to a close. The revised estimate for the year is in brief as follows :—

	Budget Estimate. 1115.	*Revised Estimate.* 1115.	*Increase + Decrease −*
	Rs	Rs	Rs
Revenue Receipts ...	263·79	266·30	+ 2·51
Expenditure on Revenue account ...	261·09	263·62	+ 2·53
Surplus +, Deficit − ...	+ 2·70	+ 2·68	− ·02

It will readily be appreciated that our optimism about the revenue anticipations was fully justified and that our revenue receipts which the present indications show would rise up as high as Rs 266·30 lakhs, a figure which we have not so far touched. The figure represents an increase of Rs 2·51 lakhs over our budget estimates and as usual has been brought about by an improvement of revenue under several heads as counterbalanced by short falls under several other heads. I do not propose to tax the patience of the members by cataloguing all the numerous and interesting circumstances which have brought about a rise here and a fall there. But I shall deal with some of the most important heads under which there have been marked variations.

9. First and foremost should be mentioned the revenue under Customs. The share of revenue under the Cochin Harbour Agreement showed an increase of over a lakh over the budgeted figure and that under Sea Customs-Exports another similar increase. Honourable members might feel

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surprised how such a result could have been brought about when we are in the midst of a destructive war. But I may at once clear the position by pointing out that the receipts relate to the year 1938-39 *i. e.* to the year 1113-14 M. E. when conditions were normal.

10. Next comes Forest, the revenue under which, with the rise in demand for the use of teak wood poles in the Electricity Department and elsewhere and increase in the quantity of plantation royalties extracted and the better prices obtained for soft wood, promises to mark the high watermark in the revenue of the department realised for over a decade.

11. The next item in importance is Scientific and Miscellaneous Departments, where, on account of mining royalties on our monozite, ilmenite etc., our revenues show an increase of nearly a lakh of rupees.

The revenue under Salt is also likely to record an increase of nearly Rs 70,000 over the estimates mainly on account of larger sale of Government salt. In the Public Works Department an increase of Rs 70,000 under toll revenue is anticipated. We were able to mint more coins than what we originally budgeted and that is expected to give us Rs 60,000 extra under our mints. Under Registration and Joint Stock departments, a net addition of Rs 50,000 is expected mainly on account of the number of registrations necessitated by the Travancore Companies Act.

12. The Excise revenue and the receipts of the Commercial departments *viz.*, Transport and Ceramic have not, however, been able to come up to our anticipations. Under Excise there is expected to be a fall of as much as Rs 1·9 lakhs and this is due mainly to the fall in the consumption of Jaffna tobacco. This would have been greater but for the orders issued by Government holding out a rebate of duty for the clearance of all tobacco by the end of the year. The realisations under Excise duty on Matches are not also expected to come up to the budgetary anticipations as the amount allocated for distribution to the State from out of the divisible pool was not as high as was anticipated.

13. In the Transport department, notwithstanding the opening of new lines, the revenue will probably suffer a setback, mainly because the working expenses of the concern have enormously increased on account of the rise in price of petrol, oil and other motor accessories due to the war conditions in the European Continent. The Ceramic Factory,

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which was to have been opened before the year started and brought into operation early in the year, was actually opened only later. In the manufactory department, instead of 6 furnaces only 4 were installed with the result the revenue is less than expected. The Electricity Project, which was to have been opened in December 1939, was eventually opened only in March and in consequence, a revenue of nearly Rs 1½ lakhs has been lost to the revenue account, although it has been taken in reduction of capital expenditure. But these set-backs have not been so bad as to bring down our total revenue in any way as the net revenue receipts, as already observed by me, promise to show an increase of Rs 2·51 lakhs over our anticipations and create a record.

14. The expenditure side of the revenue account indicates a possible increase of Rs 2·53 lakhs thus nullifying what all betterment we expect to obtain on the revenue side. The increase, notwithstanding savings in expenditure in respect of the heads Palace and Education, is expected to be caused mainly by the increase in the pension list and miscellaneous political expenditure and to a lesser extent under Forests and Police. Mention should also be made of the State contribution of Rs 6 lakhs for the War. Under Forest, the increase has already been brought to the notice of the House when they voted extra funds for financing the activities of the Development Department. The increase anticipated under Police provides for meeting from the State Revenues the expenditure on Railway Police entertained on the retrocession of the railway area to the State ; it is also caused by continuing to a limited extent the temporary Armed Reserve and Special Police entertained during the last political disturbances.

15. Taking the revenue account as a whole, it may be observed that the working of the year as at present envisaged, would indicate a worsening of the position anticipated at the time of framing the budget, by only Rs ·02 of a lakh.

16. Under capital and debt heads, a modest net depletion of our balances by Rs 6·98 lakhs was provided for. But the tendency of the year seems to be contrarywise. We actually expect an augmentation of the balance by at least Rs 39·76 lakhs.

For one thing, the capital works especially the reproductive works show a slackness in progress and promise a saving of Rs 5 lakhs in the budgetary anticipation. Another is a spectacular increase in the deposits in our Savings bank, both Treasury and Anchal, in which against a net addition of Rs 10 lakhs we anticipated, we now expect Rs 35 lakhs. One

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other reason for the increase is the unutilised balance left of the proceeds of securities sold for financing reproductive and capital works. The total saving which we expect on account of these factors has to a slight extent been checked by an account adjustment, which Government have thought fit to carry out at this stage. The securities borne in the surplus investment account all bear the face value, which have absolutely no connection with their purchase value or even their present market value. Correct accounting required that the value should represent only the actual purchase price and not anything else. The investments have accordingly been revalued and the difference written off the Government Account.

Budget Estimate 1116.

17. I now turn to the budget estimate of the new year which would thus start with a balance of Rs 103·30 lakhs. Prior to placing before the House the actual figures of the budget, I consider it appropriate to acquaint the House with my *modus operandi* in preparing and fixing the estimates. The ordinary normal revenue allowing for a certain amount of deterioration in customs revenue is estimated to stand at the figure of Rs 265·65 lakhs, a figure practically equal to the revised estimates of the current year which has been acknowledged by me as the highest we so far had in the State. The anticipated expenditure based purely on a consideration of permanent or quasi permanent sanctions and on charges prescribed by law or rules having the force of law amounts to Rs 261·73 lakhs leaving a surplus of Rs 3·92 lakhs, a position which might be acclaimed by financiers as picturing an ideal state of affairs. In normal times with comfortable customs revenue, the mainstay of a maritime State like ours, there would have been sufficient margin to finance all schemes of development which have at heart the development of the country and the improvement of the conditions of the people.

18. But this is not to be when the times are abnormal. The fate of nations hangs in the balance. The free movement of trade is obstructed. One surprise after another overtakes us with staggering rapidity and the utmost vigilance, caution and circumspection preparedness and readiness to act for our Ruler and the King-Emperor have become necessary so much so the time has come for us to pool our resources, to augment our revenue and to economise in our expenditure, consistent with the needs of the country and the well being of her people. The House will therefore, I am sure, be one with me

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